

**EDEN TOWNSHIP
WYANDOT COUNTY, OHIO**

FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
Eden Township
8512 SH 231
Nevada, Ohio 44849

We have reviewed the *Independent Auditors' Report* of Eden Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Eden Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 6, 2012

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**Eden Township
Wyandot County, Ohio**

**For the Years Ended
December 31, 2010 and 2009**

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Independent Auditors' Report

Eden Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Eden Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Eden Township, Wyandot County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

August 30, 2011

**Eden Township
Wyandot County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Local taxes	\$ 6,414	17,444	-	23,858
Charges for services	-	40	-	40
Intergovernmental	21,128	95,376	27,861	144,365
Earnings on investments	669	-	-	669
Miscellaneous	<u>17,759</u>	<u>3,916</u>	-	<u>21,675</u>
Total cash receipts	45,970	116,776	27,861	190,607
Cash disbursements:				
Current:				
General government	44,418	24,306	-	68,724
Public safety	-	5,608	-	5,608
Public works	-	51,773	27,861	79,634
Health	8,061	32,628	-	40,689
Human services	1,056	-	-	1,056
Other	1,000	-	-	1,000
Capital outlay	<u>10,945</u>	<u>125,287</u>	-	<u>136,232</u>
Total cash disbursements	65,480	239,602	27,861	332,943
Total receipts (under) disbursements	(19,510)	(122,826)	-	(142,336)
Other financing sources (uses):				
Debt proceeds	-	65,067	-	65,067
Sale of capital assets	4,685	-	-	4,685
Transfers in	-	7,100	-	7,100
Transfers out	<u>(7,100)</u>	<u>-</u>	<u>-</u>	<u>(7,100)</u>
Total other financing sources (uses)	(2,415)	72,167	-	69,752
(Deficiency) of receipts and other financing (under) disbursements	(21,925)	(50,659)	-	(72,584)
Fund cash balances, January 1	<u>78,930</u>	<u>218,334</u>	<u>-</u>	<u>297,264</u>
Fund cash balances, December 31	<u>\$ 57,005</u>	<u>167,675</u>	<u>-</u>	<u>224,680</u>
Reserves for encumbrances	<u>\$ 4,780</u>	<u>8,175</u>	<u>-</u>	<u>12,955</u>

The notes to the financial statements are an integral part of this statement.

**Eden Township
Wyandot County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Local taxes	\$ 6,447	17,485	23,932
Charges for services	6,382	1,524	7,906
Intergovernmental	21,720	109,794	131,514
Earnings on investments	1,507	-	1,507
Miscellaneous	<u>17,133</u>	<u>-</u>	<u>17,133</u>
Total cash receipts	53,189	128,803	181,992
Cash disbursements:			
Current:			
General government	38,115	54,394	92,509
Public safety	-	5,435	5,435
Public works	-	60,811	60,811
Health	5,661	5,635	11,296
Conservation/recreation	<u>-</u>	<u>766</u>	<u>766</u>
Total cash disbursements	<u>43,776</u>	<u>127,041</u>	<u>170,817</u>
Total receipts over disbursements	9,413	1,762	11,175
Other receipts (disbursements):			
Transfers in	-	3,300	3,300
Transfers out	<u>(3,300)</u>	<u>-</u>	<u>(3,300)</u>
Total other receipts (disbursements)	<u>(3,300)</u>	<u>3,300</u>	<u>-</u>
Excess of receipts over disbursements	6,113	5,062	11,175
Fund cash balances, January 1	<u>72,817</u>	<u>213,272</u>	<u>286,089</u>
Fund cash balances, December 31	\$ <u>78,930</u>	<u>218,334</u>	<u>297,264</u>
Reserves for encumbrances	\$ <u>2,366</u>	<u>4,398</u>	<u>6,764</u>

The notes to the financial statements are an integral part of this statement.

Eden Township
Wyandot County, Ohio
Notes to the Financial Statements
December 31, 2010 and 2009

(1) Summary of Significant Accounting Policies

Description of the Entity

Eden Township, Wyandot County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge and cemetery maintenance. The Township contracts with the Village of Sycamore for fire protection and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State of Ohio.

Cash

Certificates of deposit are reported as cash. Accordingly, purchases of certificates of deposit are not recorded as disbursements, and sales of certificates of deposit are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Eden Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Road and Bridge Fund – This fund receives local real estate tax, property tax and other revenues collected to construct, maintain and repair Township roads.

Cemetery Fund – This fund receives proceeds from the sale of cemetery lots (included in miscellaneous cash receipts) and other fees for the maintenance and upkeep of the cemeteries.

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except for those financed through enterprise or trust funds). The Township had the following Capital Project Fund:

Issue I Fund – The Township received a grant from the State of Ohio to repair Township roads.

Budgetary Process

The Ohio Revised Code (ORC) requires each fund to be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

Eden Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(1) Summary of Significant Accounting Policies, continued

Encumbrances

The ORC requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

(2) Equity in Pooled Cash

The Township maintains a cash pool used by all funds. The ORC prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2010	2009
Demand deposits	\$ 169,680	242,264
Certificates of deposit	55,000	55,000
Total deposits	\$ <u>224,680</u>	<u>297,264</u>

Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 35,953	50,655	14,702
Special Revenue	189,370	188,943	(427)
Capital Projects	27,861	27,861	-
Total	\$ <u>253,184</u>	<u>267,459</u>	<u>14,275</u>

Eden Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(3) Budgetary Activity, continued

<u>2010 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 85,419	77,360	8,059
Special Revenue	199,072	247,777	(48,705)
Capital Projects	<u>49</u>	<u>27,861</u>	<u>(27,812)</u>
Total	\$ <u>284,540</u>	<u>352,998</u>	<u>(68,458)</u>

<u>2009 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 50,642	53,189	2,547
Special Revenue	<u>122,328</u>	<u>132,103</u>	<u>9,775</u>
Total	\$ <u>172,970</u>	<u>185,292</u>	<u>12,322</u>

<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 215,925	49,442	166,483
Special Revenue	<u>243,169</u>	<u>131,439</u>	<u>111,730</u>
Total	\$ <u>459,094</u>	<u>180,881</u>	<u>278,213</u>

(4) Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State of Ohio, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Eden Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(5) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

Contribution rates are also prescribed by the ORC. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

(6) Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

Prior to 2009, the Township belonged to the Ohio Township Association Risk Management Authority. On January 1, 2009, the Township joined the Ohio Plan Risk Management Inc. (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

The Plan has three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) – formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. – mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the ORC, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as OPRM, are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009, respectively. The Township participates in this coverage.

The Plan formed the OPHC, as authorized by Section 9.833 of the ORC. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug

**Eden Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(6) Risk Management, continued

coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 12,036,541	1,355,131	11,176,186	1,358,802
Liabilities	<u>(4,845,056)</u>	<u>(1,055,096)</u>	<u>(4,852,485)</u>	<u>(1,253,617)</u>
Members' Equity	<u>\$ 7,191,485</u>	<u>300,035</u>	<u>6,323,701</u>	<u>105,185</u>

The complete audited financial statements for OPRM and OPHC are available at the Plan's website, www.ohioplan.org.

Contributions to the Plan

2008	\$ 2,451
2009	2,778
2010	3,399

(7) Leases

In April, 2010 the Township entered into a lease/purchase agreement with Kansas State Bank of Manhattan, Kansas for the purchase of a truck. Payments are due in annual installments of \$14,995, including interest through April 2015 at a rate of 4.92%.

**Eden Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(8) Leases

The future minimum payments required for the years ending December 31 are:

2011	\$ 14,995
2012	14,995
2013	14,995
2014	14,995
2015	<u>14,994</u>
Total minimum lease payments	\$ 74,974
Less amount representing interest	<u>(9,907)</u>
Present value of minimum lease payments	\$ <u>65,067</u>

(9) Related Party Transactions

A Township Trustee's brother owns and operates an excavating company that provides services to the Township. The Trustee abstained from voting for the approval of contracting with this company. In 2010 and 2009 the Township paid \$3,490 and \$2,438, respectively, for services performed.

(10) Commitments

The Township contracts with the Village of Sycamore, Wyandot County, Ohio for fire protection services pursuant to a two year contract that commenced on January 1, 2010. Terms of the contract require annual payments of \$4,432.

The Township also contracts with the Village of Sycamore, Wyandot County, Ohio for emergency medical ambulance services pursuant to a two year contract that commenced on January 1, 2010. Terms of the contract require annual payments of \$1,176.

(11) Subsequent Events

Subsequent events have been evaluated through August 30, 2011, which is the date the financial statements were available to be issued.

(12) Compliance

Contrary to Ohio or federal law:

- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.
- Gasoline Tax Fund was not spent in accordance with restrictions in 2010.
- The Township did not encumber all funds prior to expenditure.

Eden Township
Wyandot County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(12) Compliance, continued

- In 2010, the Township did not record the Issue I Road Project activity. Appropriations in the Capital Project Fund were not sufficient to cover the entire amount of expenditure that the Ohio Public Works Commission made for the project and the Certificate of Estimated Resources was not increased to reflect this activity.
- A reduced amended Certificate of Estimated Resources was not obtained from the budget commission when actual receipts to be collected fell short of estimates for 2009. Available estimated resources were below the current level of appropriation for the General Fund by \$92,466 and for the Fire District Fund by \$63 in 2009.
- Bond coverage for the Fiscal Officer in 2010 was less than the minimum requirement.
- Transfer from the General Fund to other funds were not authorized by resolution by the Trustees.
- In 2010, appropriations exceeded available resources by \$810 in the Cemetery Fund. In 2009, appropriations exceeded available resources by \$89,919 in the General Fund and \$1,284 in the Fire District Fund.
- The Township did not obtain an amended Certificate of Estimated Resources to identify a short fall of anticipated revenue to the Cemetery Fund of \$4,757, the Road and Bridge Fund of \$4,868, the Fire District Fund of \$1,184, the Gasoline Tax Fund of \$9,907 in 2010 and the Road and Bridge Fund of \$2,184, the Fire District of \$1,221 and the Cemetery Fund of \$625 in 2009.
- The Township has not adopted a personal information policy as required by ORC Chapter 1347.
- In 2010, expenditures exceeded appropriations in the Gasoline Tax Fund by \$50,087 and in the Capital Projects Fund by \$27,812 and in 2009 in the Cemetery Fund by \$2,989 and in the FEMA Fund by \$1,889.

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**Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters,
Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Eden Township
Wyandot County, Ohio

To the Board of Trustees:

We have audited the financial statements of Eden Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 30, 2011, wherein we noted the Township followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and one other deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely

correct misstatements. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and timely corrected. We considered Findings 2010-01, 2010-05, 2010-06, 2010-08 and 2010-11 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered Finding 2010-09 to be a significant deficiency in internal control over financial reporting as described in the accompanying Schedule of Findings.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as Findings 2010-02 through 2010-04, 2010-06, 2010-07, 2010-10 and 2010-11.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated August 30, 2011.

The Township's response to the findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

August 30, 2011

**Eden Township
Wyandot County, Ohio
Schedule of Findings
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-01
Material weakness

The Ohio Township Handbook Chart of Accounts appendix details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the code.

We noted the following errors in the Township prepared financial statements that required reclassification:

- In 2010 and 2009 Fire Levy receipts in the Special Revenue Fund were reclassified from Charges for Services to Local Taxes. The amounts totaled \$8,736 and \$8,317 for 2010 and 2009, respectively.
- In 2009 payments from individual Trustees to reimburse the Township for health insurance were reclassified from Licenses, Permits and Fees to Miscellaneous. The amount totaled \$14,817.
- In 2010, Other Financing Uses of \$4,020 were reclassified to General Government of \$1,320 and Health totaling \$2,700 for various expenditures.
- In 2009 expenditures were reclassified from Conservation-Recreation to Public Works in the Gasoline Tax Fund of \$16,234.
- In 2010 and 2009, in various funds \$12,231 and \$37,005, respectively, were reclassified to General Government from Health for health insurance premiums.
- In 2010 expenditures were reclassified from various accounts to Capital Outlay in the General Fund of \$10,945 and in the Gasoline Tax Fund from Public Works to Capital Outlay of \$60,222.

These adjustments are reflected in the audited financial statements. Although the misclassifications have been corrected under audit, annual financial statements available to the public until such time as the audit was completed were inaccurate.

Response by Township

No response received.

**Eden Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-02
Noncompliance

Ohio Revised Code (ORC) Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. We noted that funds were not encumbered prior to expenditure for nine of the twenty-two disbursements tested and Then and Now Certificates were not prepared.

Response by Township

No response received.

Finding Number 2010-03
Noncompliance

ORC Section 5705 sets forth a method for a uniform budget and appropriation process to assure that the government entity expends no more than it expects to receive in revenue. In order to accomplish this, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. Thus, a procedure is still required to account for receipt and expenditure. That method is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action.

In 2010 the Township was the beneficiary of \$27,861 of Issue I money through the Wyandot County Auditor. This activity was not recorded on the ledgers of the Township. Since the County paid the invoices, the Township did not receive this cash. However, the Auditor of State Bulletins 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the Township applies for a project and has administrative responsibilities. The accompanying financial statements were

**Eden Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-03, continued
Noncompliance

adjusted to reflect these amounts in a Capital Project Fund. These funds were not appropriated causing expenditures to exceed appropriations in the Capital Projects Fund by \$27,861 in 2010 contrary to ORC 5705.41(B) which requires all expenditures to be appropriated. Contrary to ORC Section 5705.36 an increased amended certificate of estimated resources was not obtained.

Response by Township

No response received.

Finding Number 2010-04
Noncompliance

ORC Section 507.03 prescribes minimum bond requirements for the fiscal officer for terms beginning after November 5, 2005 based on the annual budget of a township. The Township's budget according to the Official Certificate of Estimated Resources for 2010 was \$536,373, which would require a minimum bond of \$110,000 for the Fiscal Officer. The Fiscal Officer's bond coverage in effect was \$85,000.

Response by Township

No response received.

**Eden Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-05
Material weakness

ORC Section 5705.36 provides that on or about the first day of each fiscal year, the fiscal officer shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget, with any balances that may exist at the end of preceding year. It further provides that encumbered but unexpended funds from the previous year shall not be included as available. This is generally referred to as the "first amended" certificate of estimated resources and shall serve as the basis of the annual appropriation resolution. Additionally, ORC Section 5705.36 provides that total appropriations made during the fiscal year from any fund shall not exceed the amount set forth as available for expenditure from such fund.

For 2010 and 2009, the estimated resources did not agree to amounts entered into the Uniform Accounting Network (UAN) as follows:

<u>2010</u>	<u>Per Amended Certificate of Estimated Resources</u>	<u>Per UAN</u>	<u>Difference</u>
General Fund	35,953	51,482	(15,529)
Motor Vehicle License Tax	8,998	10,709	(1,711)
Gasoline Tax Fund	76,100	93,100	(17,000)
Road and Bridge Fund	13,576	8,740	4,836
Cemetery Fund	5,757	1,500	4,257
Fire Levy Fund	9,963	9,963	-
Truck Lease	74,974	-	74,974
Debt Service	<u>27,861</u>	<u>-</u>	<u>27,861</u>
	253,182	175,494	77,688
<u>2009</u>	<u>Per Amended Certificate of Estimated Resources</u>	<u>Per UAN</u>	<u>Difference</u>
General Fund	50,642	54,925	(4,283)
Motor Vehicle License Tax	7,856	9,600	(1,744)
Gasoline Tax Fund	91,572	70,000	21,572
Road and Bridge Fund	11,000	-	11,000
Cemetery Fund	1,000	500	500
Fire Levy Fund	9,900	9,964	(64)
Miscellaneous Special Revenue	<u>1,000</u>	<u>1,000</u>	<u>-</u>
	172,970	145,989	26,981

**Eden Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-05, continued
Material weakness

Additionally, in 2009, appropriations entered into the UAN did not agree to the adopted appropriation measure as follows:

<u>2009</u>	<u>Per Appropriations Resolution</u>	<u>Per UAN</u>	<u>Difference</u>
General Fund	215,925	83,558	132,367
Motor Vehicle License Tax	19,000	19,865	(865)
Gasoline Tax Fund	203,230	142,266	60,964
Road and Bridge Fund	8,700	8,700	-
Cemetery Fund	890	4,290	(3,400)
Fire Levy Fund	9,963	9,963	-
FEMA	1,011	2,900	(1,889)
Miscellaneous Special Revenue	<u>375</u>	<u>1,000</u>	<u>(625)</u>
	459,094	272,542	186,552

The UAN system has built-in safeguards to assist local governments in complying with budgetary requirements of the ORC; however, these safeguards cannot operate effectively when inaccurate appropriation and budgeted receipt data is input. In addition, inaccurate appropriation data in the UAN system allowed expenditures in excess of the actual appropriations lawfully adopted by the Township for one of the funds.

Response by Township

No response received.

Finding Number 2010-06
Material weakness/Noncompliance

ORC Section 5705.39 states that the total appropriations for each fund should not exceed the total estimated resources (cash available at the beginning of the year plus estimated receipts for the year).

The appropriations exceeded estimated resources in the General Fund by \$92,466 and in the Fire District Fund by \$63 in 2009.

Response by Township

No response received.

**Eden Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-07
Noncompliance

Ohio Compliance Supplement 1-21, ORC Section 5704-14 and Ohio Attorney General Opinion 89-075 states that money may be transferred from the General Fund to any other fund by simple resolution and majority vote of the Board of Township Trustees. In 2010 and 2009 the Township transferred from the General Fund to the Cemetery Fund \$3,300 and \$1,000, respectively and in 2010 transferred from the General Fund to the Gasoline Tax Fund \$6,100 without Trustee approval.

Response by Township

No response received.

Finding Number 2010-08
Material weakness

The UAN's accounting application, payroll application and ancillary applications help to reduce the time necessary for entities to process accounting transactions and maintain the related accounting records. The payroll system provides the ability to process all payroll transactions including payments for required withholding payments to various taxing authorities and agencies. In 2010 and 2009 the Township did not properly utilize the UAN payroll system in processing various payroll functions resulting in incorrect posting of accounting entries, including pay items related to the Fiscal Officer's salary being charged to funds other than the General Fund.

Ohio Compliance Supplement (OCS) Chapters 7-24 and 7-25 and Internal Revenue Code Chapter 26 require employing governments to withhold federal, state and local income and employment related taxes and employee deductions to the appropriate retirement system. Employing governments are also required to comply with remittance requirements for these withholdings. We noted that the Township received various notices for late filing of certain taxes that also included assessed penalties and interest. In some cases the amounts remitted to satisfy these notices did not agree to the assessed amounts. Late filing and remittances of these regulatory withholdings cause the Township to expend additional funds unnecessarily.

Response by Township

No response received.

**Eden Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-09
Significant deficiency

During the prior audit we reported that the fund balances per UAN did not agree to the fund balances per earlier audit reports. Prior audit adjustments were not posted by the prior Fiscal Officer. The differences show that the General Fund is overstated in UAN by \$64,076 and Special Revenue Funds are understated by \$64,076.

Response by Township

No response received.

Finding Number 2010-10
Noncompliance

ORC Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. In 2010, expenditures exceeded appropriations in the Gasoline Fund by \$50,087, in the Capital Projects Fund by \$27,812, in 2009 in the Cemetery Fund by \$2,989 and in the FEMA Fund by \$1,889.

Response by Township

No response received.

**Eden Township
Wyandot County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-11
Material weakness/Noncompliance

ORC Section 5705.36 states:

1. That an increased amended certificate must be obtained from the Budget Commission if the legislative authority intends to appropriate and expend revenue in excess of the estimated resources.
2. A reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

In 2010, appropriations exceeded available resources in the Cemetery Fund by \$810. In 2009, appropriations exceeded available resources in the General Fund by \$89,919 and in the Fire District Fund by \$1,284. These deficits were caused by actual receipts falling below budgeted receipts. We recognize that the Township did not spend all appropriations and actual expenses did not exceed available resources, but ORC Section 5705.36 still requires an amended Certificate of Estimated Resources to reflect the reduced receipts. Additionally, the Township should have reduced the appropriations below the estimated resources.

Response by Township

No response received.

**Eden Township
Wyandot County, Ohio
Schedule of Prior Audit Findings
December 31, 2010 and 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2008-001	Use of appropriate revenue and expenditure codes	No	Reissued as Finding 2010-01
2008-002	OAG opinion 2004-36 Allocation of Trustees salaries	Yes	Finding no longer valid
2008-003	ORC 5705.41 Fiscal officer must certify the commitment of money prior to the expenditure taking place	No	Reissued as Finding 2010-02
2008-04	Recording Issue I activity	No	Reissued as Finding 2010-03
2008-05	ORC Section 507.03 Fiscal officer minimum bond requirement	No	Reissued as Finding 2010-04
2008-06	ORC Section 505.60 Resolution establishing maximum amount of health insurance reimbursement	Yes	Finding no longer valid
2008-07	Amended Certificate did not agree to report filed with Auditor of State and UAN did not agree to Amended Certificate Of Estimated Resources and appropriation measure	No	Reissued as Finding 2010-05
2008-08	Contractor extending beyond fiscal year end	Yes	Finding no longer valid
2008-09	ORC Section 5705.39 Appropriations exceeded estimated resources	No	Reissued as Finding 2010-06

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Dave Yost • Auditor of State

EDEN TOWNSHIP

WYANDOT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 19, 2012**